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MEMORANDUM FOR MR. RALPH A. DUNGAN

Through: Mr. MoGeorge Bundy

Subject: Status Report on Chamical Negotiations

Ambassador Mann held discussions with Foreign Minister Tello in January and February on the Chamizal problem and Commissioner Friedkin went to Menico City in the first week of February to participate in these discussions. Ambassador Mann and the Foreign Finister agreed informally on the line along which the boundary would be relocated subject to further consultations with community leaders in Ki Paso. The Mexican President has also approved. The Ambassador spent the week of February 18-22 in Texas talking to community leaders in El Paso and to the Governor of Texas and other state officials. Department officers have consulted with the Vice President's office, Senators Morse, Yarborough and Tower, and Congressman Foreign.

The EL Paso City Council, the County Board of Commissioners, the Kl Paso Chamber of Commerce and other civic groups have approved the recommended solution. The Governor of Texas also approves. Our estimate is that the recommended solution would have the support of most influential sectors in El Paso. There is opposition from residents of the Chemizal zone who are uncertain of their future and their ability to re-establish themselves elsewhere if they receive only the market value of their present holdings. (where c. tenement dwellings and industrial and commercial enterprise who would be moved out can also be considered as opposed. There is a third group which opposes under the slogan cr "Don't give up one inch of sacred Toras soil". This thir group would like a "plobiscite" in the zone affected or weath require approval of the Texas State Legislature. Such procedures would pose a problem which at first clance would

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be unacceptable to the Federal Government. The Legal Adviser of the Department is preparing a memorandum on the precedents.

Two problems have energed in our efforts to work out the details of a settlement, now that we seem to have agreed on a new boundary line:

I. We have a claim which we have not asserted for some fifty years to the northern half of Cordeva Island. Mexico wants to state in a proposed joint report which would make recommendations for final solution of the problem that Cordeva Island is Mexican territory. We do not want to accept the Mexican language because this would extinguish our claim. We are prepared to drop the claim once a convention is rationed by both countries, but until that time we want our claim preserved. We are hopeful that we can work out language in the report which would do that.

2. In preliminary discussions last year the Mexican Foreign Minister a preed that Mexico would religiouse the United States for all structures which are passed to Mexico intact in the Chamizal and which we acquire by purchase or condemnation. Mexico is entitled free of charge only to the land on which those structures stand. The Mexicans awakened this week to the fact that this will run into several million collars. They are concerned that the figure may look so big to the Mexican public that the Mexican Government will be accused of buying the Chamizal. The Mexican Foreign Office is now considering how it can handle this problem.

At the present time we have agreed with the Mexicans that the two Foreign Offices would prepare a joint report (a working draft of which is enclosed) containing recommendations for a solution. This report would be released simultaneously with press statements by each President (the first draft of proposed statements is also enclosed) that he has approved the report and instructed his respective Foreign Office to proceed with negotiations of a convention. The convention would be submitted to the Senates of the respective countries for approval. The Mexican Foreign Office is presently of the view that we have to work out point 2 above before we can proceed on the

negotiation



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